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Intel Security Spins Off To Private Equity In \$4.2B Deal

BY SARAH KURANDA ▶

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Intel has made it official after months of rumors, finalizing a deal to sell its Intel Security line to TPG Capital for \$4.2 billion, the company said Wednesday.

The deal spins out Intel Security from parent company Intel, creating a stand-alone security vendor and essentially undoing the company's \$7.7 billion acquisition of McAfee in

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of the company and will make a \$1.1 billion equity investment. Intel Security General Manager Chris Young will continue to lead the company, assuming the title of CEO.

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In an open letter to shareholders about the split, Young said Intel Security, soon to McAfee, will realize the benefits of being focused solely on security, including around accelerated innovation, faster execution and long-term growth.

'As a stand-alone company supported by these two partners, we will be in an even greater position of strength, committed to being the best provider the cybersecurity industry has ever seen. ... We will continue to focus on solving the unique demands of customers in the dynamic cybersecurity marketplace, drive innovation that anticipates future market needs, and continue to grow through our strategic priorities,' Young said in a statement about the split.

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Intel Security did not return requests for comment on what

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TPG Capital, Permira Holdings and Thoma Bravo.

After acquiring McAfee, Intel renamed the security division Intel Security. At that time, it had \$1.93 billion in revenue. Intel broke out financials for the Intel Security group for the first time in its most recent earnings call. Intel Security's revenue for the first quarter of 2016 was \$537 million, up 12 percent year over year. Intel revenue overall for the quarter was \$13.7 billion, meaning Intel Security accounted for a little less than 4 percent of company sales.

When it acquired McAfee, Intel put forward of a vision of embedding security technologies directly onto the chip. Over the past year, Intel Security has moved away from that messaging, focusing instead on a strategy to provide a full end-to-end protection, detection and remediation portfolio, a vision it calls **Security Connected**. In the process, Intel Security has **shed multiple business lines and announced the end of life of around a dozen products** that didn't fit into the new strategy.

Intel itself has been pivoting to focus on the data center and Internet of Things markets, moving away from a sluggish PC chip market. In April, the Santa Clara, Calif.-based company said it planned to cut 12,000 jobs globally, or around 11 percent of its overall workforce as part of an initiative to "intensify focus in high-growth areas where it is positioned for long term growth.'

In a statement, Intel CEO Brian Krzanich said that security remains important to Intel overall. He said Intel will continue to collaborate with TPG as McAfee becomes independent and 'share in the future success of the business and in the market demand for top-flight security solutions.'

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